
STATE OF INDIANA

DEPARTMENT OF LOCAL
GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058
INDIANAPOLIS, IN 46204
PHONE (317) 232-3761
FAX (317) 232-8779

TO: ALL PUBLIC UTILITY COMPANIES

SUBJECT: GENERAL INSTRUCTIONS FOR FILING UTILITY AD VALOREM
TAX RETURNS (ANNUAL REPORT UD-45)

DATE: February 1, 2003

Enclosed is one (1) copy of the Annual Report Form UD-45, to be completed by all utility companies. Please read all of the instructions before completing the Annual Report. This report is for the tax year 2003.

When to File

The Annual Report (UD-45) and all other required documents must be filed, by statute, on or before March 1st (IC 6-1.1-8-19), however; the Department of Local Government Finance (DLGF) has granted an automatic extension to all public utility companies to **April 1, 2003**. Extensions beyond that date will be granted only in the most extraordinary of circumstances and must be made in writing at least five (5) days prior to the due date. No extensions will be granted past May 1st, 2003. *Reports received after the April 1, 2003 deadline will be subject to a late filing penalty of \$100 per day (IC 6-1.1-8-20).* Also included is a copy of Public Utility Form #1 and Form #1N to be used in reporting locally assessed personal property. The due date for Public Utility Form #1 has also been extended to April 1, 2003. Please see the separate memorandum dealing with Form #1 for further information.

Where to File

The Annual Report (UD-45) and all other required documents should be mailed to:

Indiana Department of Local Government Finance
Utility Specialist
100 North Senate Ave., Room N-1058
Indianapolis, IN 46204

Phone: (317) 232-3756
Fax: (317) 232-8779

NOTE

An Annual Report will not be accepted if it is incomplete, illegible or displays information in a manner other than that prescribed. Annual Reports that are rejected may be subject to a late filing penalty if not corrected and resubmitted by the filing deadline.

What to File

One copy of each of the following must be filed:

Annual Report (UD-45) prescribed by the State Board
Annual Report to Stockholders and/or certified financial statements
Copies of the Form 1's (originals to be filed with local assessing official)
*Special Note: REMC's should file a **complete copy of the RUS Form 7** (all seven pages)*

Tentative Assessment and Appeal Rights

An Order notifying each utility company of its tentative assessment will be mailed on or before June 1 (IC 6-1.1-8-28).

Within ten (10) days after the taxpayer receives notice of the DLGF's tentative assessment, the taxpayer may:

File with the DLGF its objections to the tentative assessment; and

Demand that the DLGF hold a hearing on the tentative assessment

(IC 6-1.1-8-28(b)).

The appeal should be made in writing and state the nature of the objections.

If the taxpayer does not file an appeal within ten (10) days, the tentative assessment is final and may not be appealed (IC 6-1.1-8-28(b)).

If the taxpayer files an appeal of the tentative assessment within the ten (10) days, the DLGF shall hold a hearing on the tentative assessment at a time and place fixed by the DLGF. After the hearing, the DLGF shall make a final assessment of the taxpayer's distributable property and shall notify the taxpayer by June 30. (IC 6-1.1-8-29)

The taxpayer may file for an appeal the DLGF's final assessment to the Board of Tax Review. The taxpayer must initiate the appeal within twenty (20) days after the date of the notice of the DLGF's final assessment. (IC 6-1.1-8-30)

INSTRUCTIONS FOR COMPLETING THE ANNUAL REPORT

The information requested on pages 1 and 2 is of a general nature. The remainder of the Annual Report consists of the following schedules:

Schedule A	Computation of Assessment
Schedule A-1	Computation of Value for Construction in Process
	Computation of Credit for Gross Additions

	Reporting of CIAC & CAFC
Schedule A-2	Leased Property
Schedule A-3	Air Pollution Control Equipment
Schedule A-4	Water Pollution Control Equipment
Schedule A-5	REMC Schedule
Schedule A-6	Pipelines - Pipe Valuation
Schedule A-7	Pipelines - Other Distributable Property
Schedule A-8	Passenger Bus Schedule
Schedule B	Balance Sheet and Franchise Schedule
Schedule C	Reconciliation of Book to Federal Tax basis
Schedule D	Capital Stock and Indebtedness
Schedule E	Income Statement
Schedule F	Locally Assessed Real Property
Schedule G	Locally Assessed Personal Property
Schedule H	Assessment Distribution

Only those schedules that would be applicable to your company have been included in this mailing. REMC's, pipeline companies, and passenger bus companies should refer to the specific instructions for their respective companies before completing any schedule. If other schedules are required, please contact the State Board's office.

The following are specific instructions concerning each schedule.

Schedule A - Computation of Assessment

The Schedule A is used to compute the true tax value of the utility company's property. Specific instructions by line number are as follows:

1. Enter the total cost of utility plant in service at December 31, 2002. The total cost is to be at tax basis.
2. Enter the total cost of non-utility property at December 31, 2002. The total cost is to be at tax basis.
3. Enter the total cost of plant held for future use at December 31, 2002. The total cost is to be at tax basis.
4. Add Lines 1, 2 and 3.
5. Enter the **total cost** of locally assessed real property (except R/O/W, easements and towers) included in the utility plant in service amount shown on Line 1, above. The total cost is to be at tax basis.
6. Enter the total cost of locally assessed real property (except R/O/W, easements and towers) included in the non-utility property amount shown on Line 2, above. The total cost is to be at tax basis.

7. Enter the total cost of locally assessed real property (except R/O/W, easements and towers) included in the plant held for future use amount shown on Line 3, above. The total cost is to be at tax basis.
8. Add Lines 5, 6, and 7.
9. Subtract Line 8 from Line 4.
10. Enter the total cost of organization expense at December 31, 2002.
11. Enter the total cost of any acquisition adjustment at December 31, 2002.
12. Add Lines 9, 10 and 11.
13. Enter the total cost of intangibles at December 31, 2002. The total cost is to be at tax basis.
Please provide supporting documentation for intangibles.
14. Enter the total cost of locally assessed real property (except R/O/W, easements and towers) included in the intangible amount shown on Line 13, above. The total cost is to be at tax basis.
15. Subtract Line 14 from Line 13.
16. Enter the total cost of Air Pollution Control Equipment in Service from Schedule A-3.
17. Enter the total cost of Stream Pollution Control Equipment in Service from Schedule A-4.
18. Add Lines 15, 16 and 17.
19. Line 12 minus Line 18.
20. Enter the **total cost** of locally assessed personal property as reported on Schedules A, B and C-2 of Form 1. This amount is also shown in Column A of Schedule G (page 11). The total cost is to be at tax basis.
21. Enter the total cost of leased personal property reported on Form 1 locally (included on Line 20), but not included in Line 1 above.
22. Line 20 minus Line 21.
23. Line 19 minus Line 22.
24. Enter the total amount of **accumulated depreciation** as computed for federal tax purposes at December 31, 2002. This amount should agree with amount shown on Schedule C-Reconciliation.

25. Enter the total amount of accumulated amortization reserve as computed for federal tax purposes at December 31, 2002. This amount should agree with amount shown on Schedule C - Reconciliation.
26. Line 24 plus Line 25.
27. Enter the total amount of **accumulated depreciation** as computed for federal tax purposes applicable to locally assessed real property at December 31, 2002.
28. Enter the total amount of **accumulated depreciation** as computed for federal tax purposes applicable to locally assessed personal property at December 31, 2002. Report only the accumulated depreciation for property included in Line 1, above. Do not report accumulated depreciation for property not included in Line 1, above.
29. Enter the total amount of accumulated depreciation as computed for federal tax purposes applicable to the pollution control equipment deducted on Lines 16 and 17, above. This amount should be the difference between the cost of pollution control facilities in service shown on Schedules A-3 and A-4, and the net tax value, also shown on Schedules A-3 and A-4.
30. Enter the total amount of accumulated amortization reserve applicable to locally assessed Real property at December 31, 2002.
31. Enter the total amount of accumulated amortization reserve applicable to the intangibles deducted on Line 15, above.
32. Line 26 minus the sum of Lines 27, 28, 29, 30 and 31.
33. Enter your credit for gross additions from schedule A-1.
34. Sum of Line 32 and Line 33.
35. Subtract Line 34 from Line 23.
36. Multiply Line 23 by thirty percent (30% or .30).
37. Enter the greater of Line 35 or Line 36.
38. Enter the **true tax value** of Construction in Process from Schedule A-1.
39. Enter the true tax value of leased distributable property from Part I-B of Schedule A-2.
Please note that leased distributable property must meet the requirements of 50 IAC 5.1-6-9 Minimum value (30% Floor).
40. Line 38 plus Line 39.
41. Enter the true tax value of REMC property as shown on Schedule A-5 (if applicable).

42. Pipeline companies shall enter the true tax value of their pipe as shown on Schedule A-6.
43. Pipeline companies shall enter the true tax value of their distributable property, other than pipe, as shown on Schedule A-7.
44. Bus companies shall enter the true tax value of buses and tires, as shown on Line 27 of Schedule A-8.
45. Other. Usually Abnormal Obsolescence or dark fiber adjustment. Please attach a detailed explanation and worksheet as to how the figures were arrived at. Notate the percentage of Line 36 that is being requested as abnormal obsolescence. See 50 IAC 5.1-11-2 and 5.2-11-3 for reasons for abnormal obsolescence adjustment. State under which subsection this item qualifies as abnormal obsolescence.
46. Enter the total of lines 41, 42, 43, 44, & 45.
47. Enter the **true tax value** of locally assessed real property from Schedule F.
48. Enter the **true tax value** of locally assessed personal property from Schedule G.
49. Sum of Lines 37, 40, 46, 47 and 48.
50. Line 49 - Rounded to nearest ten dollars. This is the assessed value/true tax value.

Schedule A-1 - Computation of Value for Construction in Process, Computation of Credit for Gross Additions and Reporting of Contributions In Aid of Construction (CIAC) & Customer Advances For Construction (CAFC)

The value of construction in process at December 31, 2002 shall be computed on Part A of Schedule A-1. Construction in Process will be valued at ten percent (10%) of cost (50 IAC 5.1-9-1(d)). Carry total to line 38 of Schedule A.

The credit for gross additions is sixty percent (60%) of the depreciated cost of distributable property placed in service. Carry the total to line 33 of schedule A.

The cost of CIAC & CAFC should be included in Line 1 of Schedule A-Computation of Assessment. On the first line of Section C, show the cost of CIAC & CAFC in the applicable column. On the second line of Schedule C, show the amount of accumulated depreciation for CIAC & CAFC that is included in the amount of accumulated depreciation claimed on Line 24 of Schedule A-Computation of Assessment. You may calculate depreciation as if you were reporting the property on your federal tax return.

Schedule A-2 - Leased Property

Report all property held, possessed or controlled but not owned. The value shown in Part I-B will be carried to Schedule A. Include leased property reported on Form 1 in Schedule A, on Line 49 from Schedule G.

Schedule A-3 - Air Pollution Control Equipment**Schedule A-4 - Water Pollution Control Equipment**

Report property claimed to be exempt as either air or water pollution control equipment on the applicable schedule. All claims for water pollution control equipment must be accompanied by a letter of certification (or proof that such certification has been requested) from the Department of Environmental Management. **Claims without certification (or proof of request) will be denied.**

Schedule A-5 - REMC Schedule**Schedule A-6 - Pipelines - Pipe Valuation****Schedule A-7 - Pipelines - Other Distributable Property****Schedule A-8 - Passenger Bus Schedule**

Specific instructions will accompany these forms. REMC's, pipeline companies and passenger bus companies should refer to the specific instructions for their respective companies before completing any schedule.

Schedule B - Balance Sheet

Enter the information from your company's December 31, 2002 balance sheet.

Schedule C - Reconciliation

Use this schedule to reconcile the company's total cost of plant in service, accumulated depreciation and accumulated amortization reserve, as shown on the financial statements (Balance Sheet), with the tax basis of those items as reported in the DLGF Annual Report (Form UD-45) on schedule A. Explain all differences such as out of state property. Please be sure to check appropriate box if the amount of federal tax depreciation at December 31, 2002 was estimated.

Schedule D - Capital Stock and Indebtedness

List all issues of capital stock and indebtedness issued by taxpayer.

Schedule E - Income Statement

Show applicable amounts for last five years. If amounts are different than shown in company's annual statement to stockholders, attach detailed explanation of the reasons for the differences.

Schedule F - Real Estate and Improvements

List all locally assessed real estate and improvements owned within the state. Attach additional sheets if necessary. Please note that this figure is subject to change in reassessment years such as 2002 and you may not have your new numbers yet in time to file for 2003. If available, please list parcel numbers under description as well as a physical description of the property.

Schedule G - Utility Tangible Fixed Personal Property

List information reported on Form 1's. Attach additional sheets if necessary. Include copies of Form 1's with the DLGF Annual Report (Form UD-45).

Schedule H - Assessment Distribution

This is a summary of the assessments by taxing district. Due to the reorganization of school corporations, annexation and/or incorporation of cities and towns, and newly created sanitation

and conservancy districts in Indiana, the State Board has experienced considerable difficulty in allocating the property of public utility companies. Therefore, it is specifically requested that before completing Schedule H that your company **determine from local officials the proper taxing districts in which your company's property was located on March 1, 2003.** Please include the DLGF Taxing District Number when completing Schedule H.

To assist in your determination of DLGF taxing district numbers, *a listing of the taxing district names with their corresponding taxing district number is available from the DLGF's web site at www.in.gov/dlgf/ as part of the tax rate page.* You also may retrieve a copy of our forms from our web address. If you would like to e-mail us, our E-mail address is taxboard@tcb.state.in.us.

If you do not have Internet access you may request this information by dialing (317) 232-3756.

Computer generated versions of the prescribed forms and schedules may be used **after** the DLGF has approved the forms for use. We cannot approve forms without having seen them.

The DLGF encourages all companies to submit their distribution of assessments (Schedule H) on computer diskette. Please be sure to use the same format as the Schedule H hard copy enclosed. The addition of extra columns makes it more difficult to transfer the data into our data base.

Your cooperation with the Department in completing the Annual Report (Form UD-45) at the earliest possible date will be greatly appreciated.

Need More Information?

Additional schedules or further information may be obtained by calling our office at the telephone number supplied on page one (1). Our office hours are 8:00 a.m. to 4:30 p.m., Monday through Friday (EST). You may also make a request in writing, or fax your request. Forms may also be obtained from links to our website. Again, the website address is: www.in.gov/dlgf